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Doing Business in Albania

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Exporter Guide

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Report Highlights:

The Republic of Albania is a small former Communist nation situated on the Strait of Otranto which acts as a gateway between Western and Eastern Europe. While one of Albania's priorities is to join the EU and NATO, they are already members of the Central European Free Trade Agreement (CEFTA), and the WTO.

General Information:

The Republic of Albania Overview

With the fall of communism throughout Eastern Europe, Albania has slowly started to reap the benefits of a hard earned democracy. The Republic of Albania may still have a very long way to go but seems to be slowly working towards improving its' economy, poor infrastructure, rampant corruption, and high unemployment rate.

Total estimated population in 2007 was 3.18 million of which over 90 percent are ethnic Albanian. The official language is Albanian (however many also speak Italian). Religions include Muslim (Sunni and Bektashi), Albanian Orthodox, and Roman Catholic. The average age in Albania is 28, with over 65 percent of the population between the ages of 15 and 64.

Albania is located on the Strait of Otranto (separating the Adriatic and Ionian seas) and acts as a gateway between Western and Eastern Europe.

The ruling Democratic Party in Albania is led by Prime Minister Sali Berisha, and the next Parliamentary elections are scheduled for June 2009. One of Albania's priorities is to join the EU and in doing so signed in 2006 the Stabilization and Association Agreement with the European Union. Albania is also waiting for membership in the North Atlantic Treaty Organization (NATO). Albania is already a member of the Central European Free Trade Agreement (CEFTA), and the WTO.

Map of Albania



Albania's Economy

According to the World Bank, Albania is one of the poorest countries in Europe, with an estimated per capita income of U.S. \$6,400 in 2008. The official unemployment rate is 13.5 percent, while 18.5 percent of the population lives below the poverty line. 60 percent of the Albanian population is employed in the agricultural sector.

Albania is an import-oriented economy, and its' trade balance certainly proves this. In 2007 Albania's trade balance was \$4.844 billion in imports, and \$1.416 billion in exports. While trade with EU countries accounts for 69.3 percent, their main trading partners are Italy and Greece. In 2007, the U.S. accounted for an insignificant share of Albania's trade volume. The bilateral trade base is quite low and focuses primarily on a narrow range of goods and products. In 2007, imports from the U.S. declined by 28.7 percent compared to the same period of 2006 while exports increased by 107 percent. Agricultural products and metal products are the main exports to the U.S. (Please refer to the BICO spreadsheets at the end of the report).

Albania's main exports are textile and footwear products, construction products, metals and minerals, food and agricultural products. Imports are mainly machinery and equipment followed by agricultural products, construction materials and metals.

Official GDP
\$23.07 billion

(Albania has a large gray economy that may be as large as 50% of the official GDP)

Per Capita GDP

\$6,400

Total Exports

\$1.416 billion

Total Imports

\$4.844 billion

Population

3,619,778 (July 2008 est.)

Total Labor Force

1.09 million

Labor Force Employed in Agriculture:

60 %

Unemployment Rate

13.5 %

Exchange Rate

Albanian Leke per 1 U.S. dollar:

79.546 (2008)

92.668 (2007)

98.384 (2006)

102.649 (2005)

Albania's Agriculture

Albania is a small country with a total area of 28,750 square kilometers, 24 percent of which is dedicated to agriculture, 36 percent forests and 15 percent pastures. The World Bank reports that there is growth potential in the agro-food sector with recent investments in the flour industry, production of fruit juices, meat processing and fruit and vegetable conserve industries. The food industry covers 17.3 percent of the agricultural sector compared to just 1.1 percent of the fishery, 37.4 percent of the livestock and 44.2 percent of plants. Recent developments show that Albanian farmers are shifting towards greenhouse vegetables, fruit trees and animal products while the cultivation of cereals is in decline.

Specific Agricultural Sectors

Milk Processing

Latest statistics show that there are about 380 milk processing companies present in Albania which account for 19 percent of the entire agro processing industry in country.

Fisheries

The fish processing industry has shown potential through the years and has expanded tremendously. Latest statistics report that there are presently 27 companies and 5 fish canning operations in Albania. Due to modern technology and high product standards, most of the production is export oriented. At sea fishing accounts for about 80 per cent of total production, even though there are a few fish and shellfish breeding farms.

Grain and Flour

Most of Albania's grains are imported. On average Albania consumes 800,000 tons of grain per year. The local industry processing industry produces on average about 250,000 tons of grain per year. There are small mills located in Albania that process locally produced grain.

Edible Oils

Annual consumption of vegetable oil in Albania is estimated at 45,000 tons. There are a few Albanian and foreign companies presently operating in the refining and bottling of imported crude vegetable oil. There is however potential in olive tree plantations which cover more than 110,000 acres with some 4.092 million olive trees. Annual olive oil consumption in Albania is around 4,000 tones.

Vegetables and Fruits

Albania's production of greenhouse vegetables is increasing. Main vegetables produced are cucumbers and tomatoes which account for more than 80 per cent of total vegetable production. Winter season vegetables cultivated include lettuce, spinach, carrot and cauliflower. Estimates report that there are 4.9 million fruit trees in Albania, including citrus, grape and cherry plums. Most of the production goes into the agro processing industry. Main products include jams, marinated vegetables and stewed fruits.

Medicinal Herbs

Albania has always had a significant herb and spice industry, with a production of sage and oregano. They are however lacking a domestic processing and packaging industry.

Processed Foods

Albania produces both semi finished (e.g. frozen, dried and concentrate), and finished products (i.e. canned and preserved). The processed food and beverage sectors account for 10 percent of Albania's exports. Albania mainly exports processed food to Italy, Greece, Germany, France and the U.S.

Market Entry Strategy

To enter the Albanian market it is strongly recommended that companies find an agent and/or local distributor. The American Chamber of Commerce in Tirana, local chambers of commerce and industry, and the Albanian government agency for foreign investment promotion can provide assistance and guidance in finding an agent. Information and access to markets can be very difficult without local representatives who will have contacts and know-how to do business in this small-but-complex market. Before investing or establishing economic ties in Albania, it would be best to visit the country first.

U.S. companies seeking to market and distribute their goods can easily find merchants, agents, middlemen, wholesalers and retailers. While distribution channels are in place they are certainly less sophisticated than in other European markets. Private companies dominate the retail industry and many of the shops carry Italian and Greek goods. Fruits and vegetables are typically sold at open-air, non-refrigerated public markets. Consumer-oriented trade shows are an important part of the retail scene.

Liquidity is presently a major problem within the Albanian economy. Therefore, with some exceptions, for advance payments confirmed letters of credit by foreign banks are highly recommended. Local consulting offices or law firms, local banks and other professional organizations may be helpful in determining the credibility of a potential business partner.

Goods can enter Albania both via land and sea, with major sea ports in Durrës and Vlora. Foreign companies also use the sea ports of Thessalonica and Piraeus, Greece, and Bari and Brindisi, Italy.

Import Tariffs

Albania enjoys a liberal trade regime, and as of December 2006, most of the agricultural products originating from EU countries face a zero tariff rate. Those products excluded from zero tariff rate consideration can benefit from tariff quotas or annual tariff reductions to reach a zero tariff rate. The maximum rate of 15 percent is applied to products such as textiles, jewelry, and some luxury food products.

In Albania there are six basic custom rates for imports depending on product type: zero percent, two percent, five percent, six and a half, ten percent, and 15 percent.

Albania has a Value Added Tax (VAT) of 20 percent. For imports to Albania, the VAT is assessed on the CIF (cost, insurance and freight) value of the goods plus the duty. Import regulations are generally numerous and not available in English. In order to learn about customs duties, taxes, and quality requirements for a specific product, U.S. exporters can contact freight forwarders or business consultants in Albania.

For custom tariffs and excise tax levels please visit the Albanian general Customs Administration at <http://www.dogana.gov.al/>

Import Requirements and Documentation

In order to export products to Albania, the following documentation is required:

1. Certificate of quality of goods
2. Certificate of analysis of goods
3. Certificate of origin of goods

Importers must fill out a Declaration Form of Goods for selling goods in Albania. The Albanian Customs officers exam the form (physical control or check of the document) and then accept the Declaration Form. Payment of customs duties is based upon the amount calculated by the Customs authority, and Customs officials must perform a physical inspection of the merchandize prior to releasing it.

Labeling and Marking Requirements

According to the Council of Ministers' Decision No. 604, November 17, 2000, labels must contain information that conforms to international standards. Labels must be printed in a language that most Albanians can understand (such as Albanian, Italian, or English). On July 2003, the Albanian government passed additional legislation requiring that all imported food products have labels in Albanian. These labels must contain a general description of the product, including the date of production and the date of expiry.

Product Certification

Product certification is done on a voluntary basis, unless specifically provided otherwise by Albanian law. Most legal product certifications concern sanitary characteristics of foodstuffs and medicine. As of today, Albania does not have any Mutual Recognition Agreements with any U.S. organizations.

VISA Requirements

All travelers entering or exiting Albania must have six months or more validity on their passport. U.S. citizens do not have to obtain a Visa prior to entering Albania. An entry stamp will be issued at the point of entry that is valid for a stay of up to 90 days for a fee of ten Euros. For stays exceeding 90 days, those interested must apply for a Residency Permit at the police station with jurisdiction over the city of residence.

Local Time, Business Hours, and Holidays

The time in Albania is one hour ahead of Greenwich Time and 6 hours ahead of the East Coast of the United States (Eastern Standard Time).

Most Albanian businesses are open Monday through Friday from 8 a.m. to 5 p.m. and occasionally open on Saturday mornings.

Government offices generally operate Monday through Thursday from 8 p.m. to 6 p.m. and on Friday from 8 a.m. to 2 p.m. There is no legislation regulating shop hours and many shops are open seven days a week.

U.S. AG, Fish & Forestry Exports to Albania

U.S. EXPORTS OF AGRICULTURAL, FISH & FORESTRY PRODUCTS TO ALBANIA
CY 2004 - 2008 AND YEAR-TO-DATE COMPARISONS
(IN THOUSANDS OF DOLLARS)

EXPORT MARKET: ALBANIA

PRODUCT	CALENDAR YEARS (JAN-DEC)					JANUARY - JANUARY		% CHANGE
	2004	2005	2006	2007	2008	2008	2009	
BULK AGRICULTURAL TOTAL	2,093	38	0	1,031	11	0	0	-
WHEAT	1,586	0	0	0	0	0	0	-
COARSE GRAINS	438	0	0	1,026	0	0	0	-
RICE	44	0	0	5	11	0	0	-
COTTON	0	38	0	0	0	0	0	-
PULSES	25	0	0	0	0	0	0	-
INTERMEDIATE AGRICULTURAL TOTAL	1,198	93	105	150	227	6	6	6.70
WHEAT FLOUR	16	85	25	18	81	0	3	-
SOYBEAN MEAL	868*	0	0	0	0	0	0	-
SOYBEAN OIL	153	0	0	0	0	0	0	-
FEEDS & FODDERS (EXCL PET FOODS)	6	0	0	12	12	0	3	-
LIVE ANIMALS	0	0	0	3*	0	0	0	-
PLANTING SEEDS	0	0	0	0	6	6	0	-100.0
SUGARS, SWEETENERS, & BEVERAGE BASES	43*	0	0	0	0	0	0	-
OTHER INTERMEDIATE PRODUCTS	113	8	81	117	128	0	0	-
CONSUMER-ORIENTED AGRICULTURAL TOTAL	1,222	4,775	1,384	1,479	11,404	216	774	288.60
SNACK FOODS (EXCL NUTS)	0	0	21*	20	14	0	0	-
BREAKFAST CEREALS & PANCAKE MIX	0	0	0	0	5*	0	0	-
RED MEATS, FRESH/CHILLED/FROZEN	45	96	203	96	3,489*	0	133	-
RED MEATS, PREPARED/PRESERVED	0	14	0	30	1,735*	0	0	-
POULTRY MEAT	1,153	4,519	1,042	1,212	5,910*	195	641	228.54
DAIRY PRODUCTS	0	23	50	109	92	0	0	-
PROCESSED FRUIT & VEGETABLES	0	50*	0	0	0	0	0	-
FRUIT & VEGETABLE JUICES	0	0	57*	0	0	0	0	-
TREE NUTS	0	0	3	0	42	0	0	-
WINE & BEER	0	4*	0	0	0	0	0	-
NURSERY PRODUCTS & CUT FLOWERS	0	0	0	9*	6	0	0	-
OTHER CONSUMER-ORIENTED PRODUCTS	24	30	8	5	118	21	0	-100.0
FOREST PRODUCTS (EXCL PULP & PAPER)	83	297	309	431	390	16	73	351.05
LOGS AND CHIPS	0	18	53*	18	32	16	0	-100.0
HARDWOOD LUMBER	9	74	35	84*	79	0	0	-
SOFTWOOD AND TREATED LUMBER	24	10	30	256*	45	0	0	-
PANEL PRODUCTS (INCL PLYWOOD)	31	79	114	198	208*	0	73	-
OTHER VALUE-ADDED WOOD PRODUCTS	19	116	77	75	26	0	0	-
FISH & SEAFOOD PRODUCTS, EDIBLE	0	3	0	8	3	0	0	-
OTHER EDIBLE FISH & SEAFOOD	0	3	0	8	3	0	0	-
AGRICULTURAL PRODUCT TOTAL	4,513	4,906	1,489	2,660	11,642	222	780	252.00
AGRICULTURAL, FISH & FORESTRY TOTAL	4,596	5,205	1,798	3,299	12,036	238	853	258.76

ANALYSIS BY: COMMODITY AND MARKETING PROGRAMS/FAS/USDA

SOURCE: U.S. BUREAU OF THE CENSUS TRADE DATA

NOTE: * DENOTES HIGHEST EXPORT LEVELS SINCE AT LEAST CY 1970

FOR MORE INFORMATION VISIT THE FAS WEB SITE "FASOnline"

AT www.fas.usda.gov, SELECT SEARCH, THEN BICO REPORTS

OR EMAIL FAS AT usdhelp@fas.usda.gov

U.S. AG, Fish

U.S. IMPORTS OF AGRICULTURAL, FISH & FORESTRY PRODUCTS FROM ALBANIA								
CY 2004 - 2008 AND YEAR-TO-DATE COMPARISONS								
(IN THOUSANDS OF DOLLARS)								
IMPORT MARKET: ALBANIA								
PRODUCT	CALENDAR YEARS (JAN-DEC)					JANUARY - JANUARY		
	2004	2005	2006	2007	2008	COMPARISONS	2008	2009
								CHANGE
BULK AGRICULTURAL TOTAL.....	79	99	254	170	166	8	24	193.81
TEA (INCL. HERB TEA).....	79	99	254	170	166	8	24	193.81
INTERMEDIATE AGRICULTURAL TOTAL.....	512	450	554	400	1,083	22	44	103.70
OTHER VEGETABLE OILS.....	32	48	75	112	52	0	0	-
FEEDS & FEEDERS (EXCL. PET FOODS).....	18*	0	0	0	0	0	0	-
ESSENTIAL OILS.....	208	107	202	35	154	0	0	-
OTHER INTERMEDIATE PRODUCTS.....	253	295	277	253	877	22	44	103.70
CONSUMER-ORIENTED AGRICULTURAL TOTAL....	3,060	4,487	3,322	3,815	6,021*	243	351	44.90
PROCESSED FRUIT & VEGETABLES.....	5	10	0	18	0	0	0	-
WINE AND BEER.....	59	10	30	34	50	8	0	-100.0
SPICES.....	2,997	4,467	3,292	3,762	4,970*	234	351	50.13
FOREST PRODUCTS (EXCL. PULP & PAPER)....	0	66	0	0	127*	0	0	-
OTHER VALUE-ADDED WOOD PRODUCTS.....	0	66	0	0	127*	0	0	-
FISH & SEAFOOD PRODUCTS, EDIBLE.....	0	0	0	0	0	0	0	-
AGRICULTURAL PRODUCT TOTAL	3,651	5,036	4,130	4,386	6,269	272	419	54.00
AGRICULTURAL, FISH & FORESTRY TOTAL	3,651	5,102	4,130	4,386	6,395	272	419	54.00
ANALYSIS BY: COMMODITY AND MARKETING PROGRAMS/FAS/USDA								
SOURCE: U.S. BUREAU OF THE CENSUS TRADE DATA								
NOTE: * DENOTES HIGHEST IMPORT LEVELS SINCE AT LEAST CY 1970								
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OR EMAIL FAS AT usdhelp@fas.usda.gov								

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Forestry Imports from Albania

Key USDA-FAS Contacts

FAS Rome, Italy has regional coverage of Albania.

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